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TO RUEHC/SECSTATE WASHDC PRIORITY 3878
INFO RUEHBO/AMEMBASSY BOGOTA PRIORITY 6229
RUEHBR/AMEMBASSY BRASILIA PRIORITY 5329
RUEHBU/AMEMBASSY BUENOS AIRES PRIORITY 1108
RUEHCP/AMEMBASSY COPENHAGEN PRIORITY 0121
RUEHLP/AMEMBASSY LA PAZ PRIORITY 1839
RUEHPE/AMEMBASSY LIMA PRIORITY 0045
RUEHMU/AMEMBASSY MANAGUA PRIORITY 1101
RUEHQT/AMEMBASSY QUITO PRIORITY 1914
RUEHSN/AMEMBASSY SAN SALVADOR PRIORITY 0851
RUEHSG/AMEMBASSY SANTIAGO PRIORITY 3396
RUEHDG/AMEMBASSY SANTO DOMINGO PRIORITY 0088
RUEHAO/AMCONSUL CURACAO PRIORITY 0703
RUEHGL/AMCONSUL GUAYAQUIL PRIORITY 0396
RUCNDT/USMISSION USUN NEW YORK PRIORITY 0053
RUEHMI/USOFFICE FRC FT LAUDERDALE PRIORITY 2946
RHEHNSC/NSC WASHDC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000872

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HQSOUTHCOM ALSO FOR POLAD
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E.O. 12958: DECL: 02/10/2016

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SUBJECT: VICE MINISTER FOR NORTH AMERICA SANCTIONED AND
SUSPENDED?

REF: 2005 CARACAS 003402

Classified By: POLITICAL COUNSELOR ROBERT R. DOWNES FOR 1.4 (D)

Summary

¶1. (C) On March 27, Venezuela's Supreme Court decided to lift a stay on a Comptroller General sanction against Vice Minister of Foreign Affairs for North America and International Organizations Mari Pili Hernandez for mishandling public funds. The Comptroller sanctions, if applied, would require Hernandez' dismissal and would bar her from holding public office for three years. The ruling magistrate, Luis Velazquez Alvaray, who himself is embroiled in a public corruption scandal, said March 28 that the decision was in the hands of the Executive. Vice President Rangel's chief of staff told the Ambassador March 28 that Hernandez had one appeal remaining and would stay in the position for the time being. Hernandez, who is the Embassy's primary official contact in the Ministry of Foreign Affairs, is an avid Chavista and known throughout the Embassy for her disagreeable temperament in dealing with the United States. Theories abound for why Hernandez has been beset by other Chavistas, though we suspect her near total incompetence in managing the U.S. account is not an incidental factor. End Summary.

Comptroller General Strikes

¶2. (U) On March 27, Venezuela's Supreme Court (TSJ) lifted a stay it had imposed on sanctions applied by the Comptroller General against Vice Minister for North American and

International Organizations Mari Pili Hernandez for mishandling public funds. According to the Comptroller's website, the sanctions require Hernandez' immediate dismissal and bar her from public office for three years (She was also charged a small fine). In March 2005, Comptroller General Clodosbaldo Russian found Hernandez administratively responsible for a mishandling of funds during the latter's tenure as a city council member in the Caracas municipality of Libertador between 1996 and 1999. Russian alleged at the time that Hernandez' vote in favor of moving money between an employee pension fund and the municipality's central budget was improper (Note: Russian has been slapping these sanctions on both opposition and Chavista officials for the last year, the most recent high-profile case being a similar charge against opposition mayor Leopoldo Lopez in 2005 (Reftel). End Note.) Hernandez appealed to the TSJ, which issued a stay on the sanctions in September 2005 on the grounds that her suspension would affect her public duties and interrupt diplomatic relations. The Comptroller appealed, however, and ultimately won the removal of the stay order, apparently clearing the way for Hernandez' immediate dismissal.

Confusion Over Next Steps

13. (C) The TSJ decision was written by Luis Velazquez Alvaray, who was recently removed from his administrative oversight of the judicial system amidst corruption allegations. Velazquez, no shrinking violet before the television cameras in his own defense, opined March 28 that the Executive Branch has to make the final decision on

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whether to dismiss Hernandez. Rene Arreaza, Chief of Staff to Vice President Rangel, told the Ambassador on March 28, however, that Hernandez still had one appeal remaining and, until that option was exhausted, would remain in her position. Arreaza assured the Ambassador that the Vice Foreign Minister would indeed make her upcoming trip to Washington. (Note: We suppose this would be a correct interpretation since the TSJ only ordered a stay on the sanctions and did not appear to rule on Hernandez' actual appeal. VP Rangel confirmed publicly on March 29 that Hernandez had yet to see her appeal through at the TSJ and would continue in office in the meantime.) When we inquired to her office whether our principal interlocutor had been removed from office, Hernandez's Chief of Staff said they were still waiting for a decision from the Minister or the President and then would inform all interested parties.

Why Is This Happening?

14. (C) There were several competing theories to why Hernandez, a loyal Chavista, was the subject of a public hatchet job. Some opined that Hernandez, also a full-time journalist and radio show host (hence her scarce availability in the Foreign Ministry), was under fire for having supported journalist Ibiyese Pacheco, who was temporarily jailed this month on trumped up charges. Others have suggested that the Comptroller merely feels the obligation to apply to Hernandez the same sanctions as applied to Lopez (we note, too, that Hernandez' mayor when she was a council member was Antonio Ledezma, who was also barred from office for three years and is likewise appealing). There is also the possibility that this is an offensive play by Velazquez Alvaray to put Chavez in the position of defying the Comptroller if he keeps Hernandez in place (Chavez had told Interior Minister Jesse Chacon, who is sparring with Velazquez Alvaray publicly over the corruption scandal, to cut off the heads of any corrupt officials, a clear indication that Chavez had sided with Chacon). Another theory is that Hernandez' old nemesis at the Foreign Ministry, Delcy Rodriguez, was flexing her muscle as the newly-anointed Minister of the Presidency, which

affords her much closer access to Chavez.

Comment

15. (C) To this Bolivarian version of Kremlinology we would add that perhaps Hernandez' incompetent handling of the North American account (and perhaps that of International Organizations) made her particularly easy pickings. Hernandez was probably to blame for the aborted CODEL Hyde visit last November, and was certainly cut out of the loop on the U.S. Naval Attache expulsion earlier this year. That said, the prickly Hernandez is "the devil we know" and may keep her job, if the VP's office is to be believed.
BROWNFIELD